



Senate

General Assembly

File No. 122

February Session, 2012

Substitute Senate Bill No. 251

Senate, March 27, 2012

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING VETERANS' JOBS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) For purposes of this
2 section:

3 (1) "Department" means the Labor Department;

4 (2) "Eligible business" means a business that (A) is a Connecticut-
5 based business, (B) has been registered to conduct business in this state
6 for not less than twelve months, and (C) is in good standing with the
7 payment of all state and local taxes;

8 (3) "Control", with respect to a corporation, means ownership,
9 directly or indirectly, of stock possessing fifty per cent or more of the
10 total combined voting power of all classes of the stock of such
11 corporation entitled to vote. "Control", with respect to a trust, means
12 ownership, directly or indirectly, of fifty per cent or more of the

13 beneficial interest in the principal or income of such trust. The
14 ownership of stock in a corporation, of a capital or profits interest in a
15 partnership, limited liability company or association or of a beneficial
16 interest in a trust shall be determined in accordance with the rules for
17 constructive ownership of stock provided in Section 267(c) of the
18 Internal Revenue Code of 1986, or any subsequent corresponding
19 internal revenue code of the United States, as from time to time
20 amended, other than paragraph (3) of said Section 267(c);

21 (4) "Related person" means (A) a corporation, limited liability
22 company, partnership, association or trust controlled by an eligible
23 business, (B) an individual, corporation, limited liability company,
24 partnership, association or trust that is in control of an eligible
25 business, (C) a corporation, limited liability company, partnership,
26 association or trust controlled by an individual, corporation, limited
27 liability company, partnership, association or trust that is in control of
28 an eligible business, or (D) a member of the same controlled group as
29 an eligible business;

30 (5) "New employee" means a person who (A) was unemployed prior
31 to employment with an eligible business, regardless of whether such
32 person collected unemployment compensation benefits as a result of
33 such unemployment, (B) was a member of the armed forces of any
34 state or of any reserve component of the armed forces of the United
35 States and was called to active service in the armed forces of any state
36 or the United States in support of (i) Operation Enduring Freedom, or
37 (ii) military operations that were authorized by the President of the
38 United States that entail military action against Iraq, and (C) was
39 honorably discharged after not less than ninety days of service in an
40 area designated by the President of the United States by executive
41 order as a combat zone, as indicated on a military discharge document,
42 as defined in section 1-129 of the general statutes, unless separated
43 from service earlier because of a service-connected disability rated by
44 the Veterans' Administration. "New employee" does not include a
45 person who was employed in this state by a related person of such
46 eligible business during any of the twelve months prior to employment

47 with the eligible business; and

48 (6) "On-the-job training" means training provided by an eligible
49 business on such business' premise.

50 (b) (1) There is established within the Labor Department an
51 Unemployed Armed Forces Member Subsidized Training and
52 Employment program for eligible businesses. Said program shall
53 provide grants to eligible businesses to subsidize, for the first six
54 months after a new employee is hired, part of the cost of on-the-job
55 training and compensation for such new employee, in accordance with
56 subsection (c) of this section. No business receiving a grant under this
57 section with respect to a new employee may receive a second grant
58 under this section or a grant under section 31-3pp of the general
59 statutes with respect to the same new employee.

60 (2) The department may use up to four per cent of any funds
61 allocated pursuant to section 2 of this act, for the purpose of retaining
62 outside consultants to administer the Unemployed Armed Forces
63 Member Subsidized Training and Employment program.

64 (c) (1) An eligible business may apply to the department for a grant
65 to subsidize on-the-job training and compensation for a new employee
66 hired by such business. The department shall review and approve such
67 business' description of the proposed on-the-job training as part of the
68 grant application.

69 (2) A grant awarded to an eligible business pursuant to this
70 subsection shall be in the following amount: (A) For the first full
71 calendar month a new employee is employed, one hundred per cent of
72 the wage of such new employee, exclusive of any benefits, not to
73 exceed twenty dollars per hour; (B) for the second and third full
74 calendar months, seventy-five per cent of such amount; (C) for the
75 fourth and fifth full calendar months, fifty per cent of such amount;
76 and (D) for the sixth full calendar month, twenty-five per cent of such
77 amount. A grant shall be cancelled as of the date the new employee
78 leaves employment with the eligible business.

79 (d) Not later than June 30, 2013, and every six months thereafter, the
80 Labor Commissioner shall provide a report, in accordance with the
81 provisions of section 11-4a of the general statutes, to the joint standing
82 committees of the General Assembly having cognizance of matters
83 relating to finance, revenue and bonding, appropriations, commerce,
84 veterans and labor. Said report shall include available data from the
85 previous six months on (1) the number of businesses that participated
86 in the Unemployed Armed Forces Member Subsidized Training and
87 Employment program established pursuant to subsection (c) of this
88 section, and the general categories of such businesses, and (2) the
89 number of individuals that received employment under said program.

90 (e) The Labor Commissioner may adopt regulations in accordance
91 with the provisions of chapter 54 of the general statutes to carry out
92 the provisions of this section.

93 Sec. 2. (NEW) (*Effective from passage*) (a) For the purposes described
94 in subsection (b) of this section, the State Bond Commission shall have
95 the power, from time to time, to authorize the issuance of bonds of the
96 state in one or more series and in principal amounts not exceeding in
97 the aggregate ten million dollars, provided five million dollars of said
98 authorization shall be effective July 1, 2013.

99 (b) The proceeds of the sale of said bonds, to the extent of the
100 amount stated in subsection (a) of this section, shall be used by the
101 Labor Department for the purposes of the Unemployed Armed Forces
102 Member Subsidized Training and Employment program established
103 pursuant to section 1 of this act.

104 (c) All provisions of section 3-20 of the general statutes, or the
105 exercise of any right or power granted thereby, which are not
106 inconsistent with the provisions of this section are hereby adopted and
107 shall apply to all bonds authorized by the State Bond Commission
108 pursuant to this section, and temporary notes in anticipation of the
109 money to be derived from the sale of any such bonds so authorized
110 may be issued in accordance with said section 3-20 and from time to
111 time renewed. Such bonds shall mature at such time or times not

112 exceeding twenty years from their respective dates as may be provided
 113 in or pursuant to the resolution or resolutions of the State Bond
 114 Commission authorizing such bonds. None of said bonds shall be
 115 authorized except upon a finding by the State Bond Commission that
 116 there has been filed with it a request for such authorization which is
 117 signed by or on behalf of the Secretary of the Office of Policy and
 118 Management and states such terms and conditions as said commission,
 119 in its discretion, may require. Said bonds issued pursuant to this
 120 section shall be general obligations of the state and the full faith and
 121 credit of the state of Connecticut are pledged for the payment of the
 122 principal of and interest on said bonds as the same become due, and
 123 accordingly and as part of the contract of the state with the holders of
 124 said bonds, appropriation of all amounts necessary for punctual
 125 payment of such principal and interest is hereby made, and the State
 126 Treasurer shall pay such principal and interest as the same become
 127 due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

VA *Joint Favorable C/R*

LAB

LAB *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes \$10 million in General Obligation (GO) bonds for the Unemployed Armed Forces Member Subsidized Training and Employment Program. The total General Fund debt service cost for principal and interest payments to bond this amount over 20 years at a 5.0% interest rate is \$15.3 million (comprised of \$5.3 million in interest and \$10 million in principal). The first year that the state will experience debt service costs associated with the bonds depends on when they are allocated through the State Bond Commission and when the funds are expended.

The program is established in the Department of Labor (DOL) and the bill allows DOL to use up to 4% of bond funds, or \$400,000, to retain outside consultants to administer the program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 251*****AN ACT CONCERNING VETERANS' JOBS.*****SUMMARY:**

This bill establishes the Unemployed Armed Forces Member Subsidized Training and Employment Program in the Department of Labor (DOL) to provide grants to subsidize a businesses' costs in hiring unemployed veterans. The grants cover a portion of the cost of compensating these new employees and training them on the job during their first six months of employment.

To fund the grants, the bill authorizes \$10 million in bonds, with \$5 million available upon its passage and the balance available in FY 13. DOL can use up to 4% of any of the bond funds allocated for the program to cover the cost of any outside consultants it hires to administer the grants.

The bill requires the labor commissioner to report biannually on the program, beginning June 30, 2013, to the Appropriations; Commerce; Labor; Veterans' Affairs; and Finance, Revenue and Bonding committees.

It allows the labor commissioner to adopt implementing regulations.

EFFECTIVE DATE: Upon passage

ELIGIBILITY***Businesses***

The program is open to any type of business that is based in Connecticut, has been registered to do business here for at least 12 months, and is in good standing regarding all state and local taxes.

Employee

Under the bill, businesses qualify for a training and employment grant based on the new employees' prior employment and veteran status.

First, the employees must be unemployed before the business hired them, regardless of whether they received unemployment benefits, and as long as they were not employed by a related person (see below) in Connecticut at any time during the 12 months before they were hired.

Second, concerning veteran status, the new employee must have been:

1. a member of the armed forces of any state or any reserve component of the U.S. armed forces;
2. called to active service in support of Operation Enduring Freedom or presidentially authorized military operations against Iraq; and
3. honorably discharged after serving at least 90 days in an area the president designated by executive order as a combat zone, or earlier if the employee was separated from service due to a Veterans' Administration-rated service-connected disability.

Under the bill, a related person includes a corporation, limited liability company (LLC), partnership, association, or trust in or under the business' control. Control is based on ownership of (1) stock in a corporation; (2) capital or profit interest in a partnership, LLC, or association; or (3) a beneficial interest in a trust, all according to federal tax law.

TRAINING AND EMPLOYMENT GRANTS

Businesses may apply to DOL for a grant for each employee meeting the above criteria. In doing so, they must describe the on-the-job training the employee will receive. DOL must review and approve

that description as part of the business' grant application.

The grant covers a portion of the cost of training and compensating the employee, not counting benefits, during his or her first six months on the job, up to a maximum of \$20 per hour. As Table 1 shows, the grant amount phases out during this six-month period.

<i>Month</i>	<i>Grant Amount as Percent of Employee's Training and Compensation</i>
1	100%
2 and 3	75%
4 and 5	50%
6	25%

The grant payments immediately end if the employee leaves the business before the end of the six-month period. A business receiving a grant cannot receive (1) a second grant for an employee who remains after this period or (2) a grant under the state's Subsidized Training and Employment Program (STEP).

REPORTING

In each six-month report, the labor commissioner must include available data on:

1. the number and types of businesses that received training and employment grants and
2. the number of unemployed veterans that were hired because of these grants.

BACKGROUND

Related Program

PA 11-1, October Special Session, created the Subsidized Training and Employment Program (or STEP) to subsidize a portion of the

training and compensation costs of hiring unemployed workers. But it targets small businesses and small manufacturers (fewer than 50 employees). Subsidies differ for non-manufacturing and manufacturing businesses.

Related Bills

sSB 77 (File 46) and sSB 1, both favorably reported by the Commerce Committee, contain similar provisions establishing an Unemployed Armed Forces Member subsidized Training and Employment Program.

COMMITTEE ACTION

Select Committee on Veterans' Affairs

Joint Favorable Change of Reference
Yea 9 Nay 0 (03/08/2012)

Labor and Public Employees Committee

Joint Favorable Substitute
Yea 11 Nay 0 (03/15/2012)